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BY ELECTRONIC MAIL

August 8, 2023

Ms. Yanira Raíces Vega
Acting Secretary
Department of Education

Re: LS Innovative Education Center, Inc.

Dear Ms. Raíces Vega:

In accordance with the Contract Review Policy of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed amendment to the contract between the Department of Education (“PRDE”) and LS Innovative Education Center, Inc. (the “Proposed Amendment”).

After reviewing the Proposed Amendment, the Oversight Board concludes “Approved with Observations.” Observations related to the Proposed Amendment are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Amendment with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the review performed by the Oversight Board does not constitute a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local; and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local.

In addition, the Oversight Board has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Amendment or the original contract must be submitted to the Oversight Board for review and approval **prior to execution**.

Ms. Raíces Vega

August 8, 2023

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This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

This letter is issued only to the PRDE and solely with respect to the Proposed Amendment.

Sincerely,



Jaime A. El Koury
General Counsel

APPENDIX A

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PRDE – LS INNOVATIVE EDUCATION CENTER, INC.

Fiscal Plan Alignment

This review covers the Proposed Amendment to the contract between the PRDE and LS Innovative Education Center, Inc. (“LSIEC”), which contemplates evaluation, intervention, and therapy services for the PRDE’s special needs population, as well as the provision of at least ten classrooms within LSIEC’s facilities for the provision of the services. The original contract for these services was executed on October 1, 2022, with a term until June 30, 2023, and a maximum payable amount of \$1,720,000. It has been amended three times to increase the term until **September 30, 2023** and the maximum payable amount to \$11,332,000.

The Proposed Amendment increases the maximum payable amount by \$4,050,000 to **\$15,382,000** to ensure continuation of services throughout the remainder of the term.

The PRDE has certified that the funds required for payments under the Proposed Amendment are allocated in **Account No. E1290-272-01116000-06F-2023-H027A220003B**. As such, the Oversight Board’s review indicates that the PRDE has sufficient budgeted funds in Fiscal Year 2024 to cover the cost of the Proposed Amendment as of the date of this letter.

This determination does not consider the extent to which total available funds will be subsequently encumbered by the PRDE throughout the Proposed Amendment’s term. Consequently, we rely on the PRDE’s budget certification for purposes of this review.

The PRDE is expected to inform the Oversight Board of any budgetary differences other than those specified in Appendix A (Contract Submission Questionnaire) and to request a re-review of the Proposed Amendment should any changes occur.

This review was conducted on the basis of information submitted by the PRDE. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.